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To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union

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Delegations will find attached document C(2019) 4403 final.

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Brussels, 18.6.2019
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COMMISSION RECOMMENDATION

of 18.6.2019

**on the draft integrated National Energy and Climate Plan of Czechia covering the
period 2021-2030**

{SWD(2019) 214 final}

COMMISSION RECOMMENDATION

of 18.6.2019

on the draft integrated National Energy and Climate Plan of Czechia covering the period 2021-2030

THE EUROPEAN COMMISSION,

Having regard to Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council¹, and in particular Article 9(2) thereof,

Whereas:

- (1) Pursuant to Regulation (EU) 2018/1999, each Member State is required to submit to the Commission a draft of its integrated national energy and climate plan covering the period from 2021 to 2030 in accordance with Article 3(1) and Annex I of that Regulation. The first drafts of integrated national energy and climate plans had to be submitted by 31 December 2018.
- (2) Czechia submitted its draft integrated national energy and climate plan on 31 January 2019. The submission of this draft plan represents the basis and first step of the iterative process between the Commission and Member States for the purpose of the finalisation of the integrated national energy and climate plans and their subsequent implementation.
- (3) Pursuant to Regulation (EU) 2018/1999, the Commission is required to assess the draft integrated national energy and climate plans. The Commission made a comprehensive assessment of the Czech draft national energy and climate plan, taking into consideration the relevant elements of Regulation (EU) 2018/1999. This assessment² is published alongside the present recommendation. The below recommendations are based on this assessment. In particular, the Commission's recommendations may address (i) the level of ambition of objectives, targets and contributions with a view to collectively achieving the Energy Union objectives and, in particular, the Union's 2030 targets for renewable energy and energy efficiency as well as the level of electricity interconnectivity that the Member State aims for in 2030; (ii) policies and measures relating to Member State- and Union-level objectives and other policies and measures of potential cross-border relevance; (iii) any additional policies and measures that might be required in the integrated national energy and climate plans; (iv) interactions between and consistency of existing and planned policies and measures included in the integrated national energy and climate plan within one dimension and among different dimensions of the Energy Union.

¹ OJ L 328, 21.12.2018, p. 1.

² SWD(2019) 214.

- (4) In developing its recommendations, the Commission considered, on the one hand, the need to add up certain quantified planned contributions of all Member States in order to assess the ambition at Union level, and, on the other hand, the need to provide adequate time for the Member State concerned to take due consideration of the Commission's recommendations before finalising its national plan.
- (5) The Commission's recommendations with regard to the Member States' renewable ambitions are based on a formula set out in Annex II of Regulation (EU) 2018/1999 which is based on objective criteria.
- (6) With regard to energy efficiency, the Commission's recommendations are based on the assessment of the national level of ambition put forward in the draft integrated national energy and climate plan, compared to the collective level of efforts needed to reach the Union's targets, taking into account the information provided on specific national circumstances, where relevant. The final national contributions in the area of energy efficiency should reflect the cost-effective potential for energy savings and be supported with a robust long-term building renovation strategy and measures to implement the energy savings obligation stemming from Article 7 Directive 2012/27/EU of the European Parliament and of the Council³. Member States should also demonstrate that they have properly taken into account the energy efficiency first principle, by explaining notably how energy efficiency contributes to the cost-effective delivery of the national goals of a competitive low-carbon economy, security of energy supply and to address energy poverty.
- (7) The Governance Regulation requires Member States to provide a general overview of the investment needed to achieve the objectives, targets and contributions set out in the integrated national energy and climate plan, as well as a general assessment on the sources of that investment. The national energy and climate plans should ensure the transparency and predictability of national policies and measures in order to ensure investment certainty.
- (8) In parallel, as part of the 2018-2019 European Semester cycle, the Commission has put a strong focus on Member States' energy and climate related investment needs. This is reflected in the 2019 Country Report for Czechia⁴ and in the Commission's recommendation for a Council Recommendation to Czechia⁵, as part of the European Semester process. The Commission took into account the latest European Semester findings and recommendations in its assessment of the draft integrated national energy and climate plans. The Commission's recommendations are complementary to the latest country-specific recommendations issued in the context of the European Semester. Member States should also ensure that their integrated national energy and climate plans take into consideration the latest country-specific recommendations issued in the context of the European Semester.
- (9) In addition, the Governance Regulation requires each Member State to take due account of any recommendations from the Commission to its draft integrated national energy and climate plan to be submitted by 31 December 2019 and, if the Member

³ Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1).

⁴ SWD (2019) 1002 final.

⁵ COM (2019) 503 final of 5.6.2019.

State concerned does not address a recommendation or a substantial part thereof, that Member State should provide and make public its reasons.

- (10) Where applicable, Member States should report the same data in their integrated national energy and climate plans and updates in later years as they report to Eurostat or the European Environment Agency. The use of the same source and, where available, of European statistics, is also essential to calculate the baseline for modelling and projections. Using European statistics will allow for a better comparability of the data and the projections used in the integrated national energy and climate plans.
- (11) All elements of Annex I of the Regulation (EU) 2018/1999 are to be included in the final integrated national energy and climate plan. In this context, the macroeconomic and, to the extent feasible, the health, environmental, employment and education, skills and social impacts of the planned policies and measures should be assessed. The public and other stakeholders are to be engaged in the preparation of the final integrated national energy and climate plan. These and other elements are described in detail in the staff working document published alongside this Recommendation⁶.
- (12) The interlinkages between the Energy Union dimensions are visible in the draft plan, but not explicitly mentioned. In the final plan, Czechia should expand on the mentioned interlinkages between the different Energy Union dimensions by identifying synergies within the decarbonisation dimension, e.g. biofuels and land use, land use change and forestry. Synergies between decarbonisation, energy security and internal market dimensions also in relation with the energy efficiency first principle should also be further explored, by explaining how energy efficiency contributes to the cost-effective delivery of the national goals security of energy supply and to address energy poverty, including clear timeframes. An important element for further consideration in the final plan is the planning of a just transition in relation to coal and carbon-intensive regions. The impact of climate change risks on energy supply is another relevant consideration. Similarly, the objectives under the research, innovation and competitiveness dimension need to underpin the efforts planned for the other Energy Union dimensions.
- (13) The final integrated national energy and climate plan would benefit from presenting a comprehensive analysis on where the low-carbon technologies sector is currently positioned in the global market, highlighting areas of competitive strengths and potential challenges and pointing at measurable objectives for the future and policies and measures to achieve them, making appropriate links to enterprise and industrial policy. It could also benefit from a better interaction with the circular economy, emphasising its greenhouse gas emissions reduction potential.
- (14) The Commission's recommendations to Czechia are underpinned by the assessment of the Czechia's draft integrated national energy and climate plan which is published alongside this Recommendation⁷.

⁶ SWD(2019) 214.

⁷ SWD(2019) 214.

HEREBY RECOMMENDS CZECHIA TAKES ACTION TO:

1. Increase the level of ambition for 2030 to a renewable energy share of at least 23% as Czechia's contribution to the Union's 2030 target for renewable energy, as indicated by the formula in Annex II under Regulation (EU) 2018/1999. Include an indicative trajectory in the final plan that reaches all the reference points pursuant to Article 4(a)(2) of Regulation (EU) 2018/1999 in accordance with that share, in view of the need to increase the level of efforts for reaching this target collectively. Put forward detailed and quantified policies and measures that are in line with the obligations laid down in Directive (EU) 2018/2001 of the European Parliament and Council⁸, to enable a timely and cost-effective achievement of this contribution. Increase the level of ambition in the heating and cooling sector to meet the indicative target included in Article 23 of Directive (EU) 2018/2001 and put forward measures to meet the transport target set in Czechia's plan in line with Article 25 of Directive (EU) 2018/2001. Include measures to reduce administrative burden and related to the enabling frameworks for renewable self-consumption and renewable energy communities, in line with Articles 21 and 22 of Directive (EU) 2018/2001.
2. Increase its ambition towards reducing primary energy consumption in view of the need to increase the level of efforts to reach the Union's 2030 energy efficiency target, and support it with policies and measures that would deliver additional energy savings by 2030. Better identify the policies and measures which are planned to be adopted in the period 2021-2030, also based on the assessment of their expected impacts.
3. Include projections for the future energy mix, including renewable sources of gas, and planned measures in the area of resilience of the energy system, demand side measures, cybersecurity and critical infrastructure. Provide more detailed policies and measures aiming at increase of the diversification natural gas supply from third countries. In addition, specify the measures supporting the energy security objectives on diversification and reduction of energy dependency, including measures ensuring flexibility and the long-term supply of nuclear materials and fuel, particularly in view of the development of the nuclear generation capacity.
4. Define forward-looking objectives and targets concerning market integration, in particular well defined new and planned measures. Set out the potential of renewable gases. Include in the final plan an overall assessment of existing and future measures related to the development of competition.
5. Further clarify their national objectives and funding targets in research, innovation and competitiveness, specifically related to the Energy Union, to be achieved between now and 2030, so that they are readily measurable and fit for purpose to support the implementation of targets in the other dimensions of the integrated national energy and climate plan. Underpin such objectives with specific and

⁸ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82–209).

adequate policies and measures, including those to be developed in cooperation with other Member States, such as the European Strategic Energy Technology Plan.

6. Continue the already excellent approach to regional cooperation in the framework of the Visegrad Group involving Czechia, Hungary, Poland and Slovakia, as well as bilateral dialogues with other member States. Such cooperation could include topics such as further integration in the internal energy market, measures related to assessing system adequacy in light of the planned continuation of a capacity market, just transition, decarbonisation and further renewables deployment, including resulting impacts on the energy system and cross-border electricity trade.
7. Extend its analysis of investment needs and sources, including appropriate financing at national, regional and Union level, which is currently provided for specific policies, to a general overview of investment needs to reach its energy and climate objectives. Consider also the cost-effective generation of transfers to other Member States under Regulation (EU) 2018/842 of the European Parliament and Council⁹ as funding source.
8. List all energy subsidies, including in particular fossil fuels subsidies, and actions undertaken as well as plans to phase them out.
9. Complement the analysis of the interactions with air quality and air emissions policy, presenting and quantifying the impacts on air pollution for the various scenarios, providing underpinning information, and considering synergies and trade-off effects.
10. Integrate just and fair transition aspects better, notably by providing more details on social, employment and skills impacts of planned objectives, policies and measures. The final integrated national energy and climate plan should particularly analyse the impact of the energy transition of the populations affected by the coal phase out or by adjustments in other energy-intensive sectors, and make a link to the Czech strategic framework, ReStart, promoting the just transition of the Czech coal regions. Further develop the approach to addressing energy poverty issues, including by specifying the assessment as required by the Regulation (EU) 2018/1999.

⁹ Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26–42).

Done at Brussels, 18.6.2019

For the Commission
Miguel Arias Cañete
Member of the Commission

